



BILL DRAFT 2007-RBxz-34: Motor Fuel Tax Law Changes

BILL ANALYSIS

Committee:	Revenue Laws Study Committee	Date:	April 2, 2008
Introduced by:		Summary by:	Cindy Avrette
Version:	Bill Draft		Committee Staff

SUMMARY: *This bill draft would make technical, clarifying, conforming, administrative, and substantive changes to the motor fuel tax laws. The substantive changes become effective January 1, 2009; the remaining changes become effective when the act becomes law.*

BILL ANALYSIS: The bill draft makes the following changes to the motor fuel tax laws:

Section	Explanation
1	Makes clarifying and conforming changes and numbers the definitions sequentially. . Adds the definition of words commonly used, such as 'decals' and 'qualified motor vehicle'.
2	Amends the definition of motor vehicle to include special mobile equipment. This change means that motor carriers with special mobile equipment would need to file quarterly returns reporting their mileage and fuel usage. A motor carrier may claim a refund of motor fuel tax paid for fuel used for non-highway purposes. Currently, there is no way to audit the refund claims; the reporting requirements would enable the Department to better audit these claims. This provision would become effective January 1, 2009.
3	Corrects a punctuation error.
4	Conforms the statute to current practice. Provides that the Department may include information received from the State Highway Patrol when determining the potential liability of a motor carrier. The SHP use to be located within the DMV.
5	It provides that the Department may perform 'best information audits' when a motor carrier fails to maintain adequate records. The Department currently uses this audit method when necessary.
6	Provides that the Department may charge a fee to cover the cost of the decals. The decals currently cost approximately \$26,000 a year. Motor carriers have experienced problems with the decals not adhering to the vehicle. A better grade decal is needed; the cost of these decals will be \$90,000 a year. Some other states charge for decals and the cost of the decals range from 50 cents to \$20. The statute limits the cost of North Carolina's decals to the cost of the decal. The fee amount would need to be set through rule.
7	Conforming change. Changes the term 'identification marker' to the defined term 'decals'.
8	Corrects the catchline of the statute.
9	Conforming change. Changes the term 'identification marker' to the defined term 'decals'.
10	Conforming change. Changes the term 'identification marker' to the defined term 'decals'.
11	Revises the definitional statute to add definitions of commonly used terms, to incorporate definitions from other statutes, and to refer to federal regulations. It numbers the definitions sequentially.
12	Clarifying change; it identifies all license types that transport motor fuel. It also restricts a supplier from transferring fuel to a marine vessel unless the receiver of the fuel is licensed as a supplier. There is currently little control over who can bring a ship or barge to the North Carolina coastline and load fuel.

Section	Explanation
13	Conforming and grammatical change. It removes definitions that have been incorporated into the definitional statute and it corrects the spelling of the term 'bulk end-user'.
14	Corrects the spelling of the term 'bulk end-user'.
15	Conforming change. It incorporates the defined term 'supplier'.
16	Conforming change. It incorporates the defined term 'in-State supplier'.
17	Conforming change. Provides that an importer's license must indicate the category of the importer, just like a supplier's license must indicate the category of the supplier.
18	Clarifying change. It identifies the payment responsibilities of all license holders.
19	Clarifying change. It identifies the point of taxation for fuel that is not taxed by the Code.
20	This section would impose the North Carolina motor fuel tax on unlicensed exporters. Currently, the supplier charges the destination state's tax and the Department must bill the unlicensed exporter. This change would become effective January 1, 2009.
21	Conforming change. It conforms the tax liability on biodiesel imports or sales in North Carolina to the tax liability for fuel grade ethanol.
22	Corrects a grammatical error.
23	Corrects the spelling of the term 'bulk end-user'.
24	Corrects the spelling of the term 'bulk end-user'.
25	Corrects the spelling of the term 'bulk end-user'. It also provides that an out-of-state bulk end-user must be registered as an exporter if requesting a refund for exports from a North Carolina bulk plant.
26	Conforming change to administrative practice. It identifies the tax responsibility of purchasers to the supplier.
27	Conforming change to administrative practice. It removes the sorting reporting requirements because they are no longer needed due to electronic filing.
28	Corrects the spelling of the term 'bulk end-user'.
29	Conforming change to administrative practice. It provides that terminal operators who are required to be licensed in this State must report transactions from out-of-state terminals with this State as its destination. It also changes the structure of the statute for uniformity purposes.
30	Conforming change. It changes the structure of the statute for uniformity purposes.
31	Clarifying change. It changes the catchline of the statute to more accurately reflect the contents of the statute.
32	Corrects the spelling of the term 'end-user'.
33	Conforming change to administrative practice. Applications for refunds are filed monthly.
34	Conforming change to administrative practice and terminology.
35	Technical change. It uses the defined term 'person' rather than identifying the different classes that may be audited.
36	Corrects the spelling of the term 'bulk end-user'. Conforms the definition of highway with the defined term in the definitional statute.
37-41	Corrects the spelling of the term 'bulk end-user'.
42	Conforming change. It cross references the defined terms in the definitional statute.
43	Effective date section.